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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

July 6, 2000

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Magalie R. Salas, Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Presentation by Intermedia Communications Inc.
CC Docket Nos. 95-185, 96-98, 96-262, 97-146, and WT Docket No. 97-207**

Dear Ms. Salas:

Pursuant to Sections 1.1206(b)(1) and (2) of the Commission's Rules, Intermedia Communications Inc. ("Intermedia"), by its undersigned counsel, submits this notice in the above-captioned docketed proceedings of oral and written *ex parte* presentations made on June 30, 2000. The presentations were made by Heather Gold, Vice President, Industry Policy, Intermedia; and Jonathan Canis of Kelley Drye & Warren LLP. The presentations were made to:

Tamara Preiss, Deputy Chief, Competitive Pricing Division
Anthony J. DeLaurentis, Competitive Pricing Division
Rodney McDonald, Competitive Pricing Division
Thomas Navin, Competitive Pricing Division

During the presentations, Intermedia discussed a variety of issues related to the appropriate forms of compensation that should apply to ISP-bound traffic terminated between interconnected local carriers. Specifically, Intermedia urged the Commission to expeditiously issue an order finding that the appropriate level of compensation for ISP-bound dial-up calls is the reciprocal compensation rate that applies to local traffic passed between interconnected local exchange carriers, unless and until a state regulatory commission sets some other form of TELRIC-based compensation. Intermedia also discussed the need for CLECs to maintain access

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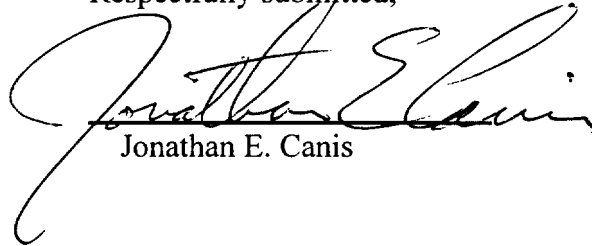
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tariffs on file with the Commission. During the presentation, a written piece was distributed. Copies are attached to this notice.

Pursuant to the Commission's rules, Intermedia submits an original and a copy of this notice of *ex parte* contact by hand delivery for inclusion in the public record of the above-referenced proceedings. Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jonathan E. Canis", is written over a horizontal line. The signature is fluid and cursive.

Jonathan E. Canis

cc: Tamara Preiss
Anthony J. DeLaurentis
Rodney McDonald
Thomas Navin
International Transcription Service

INTERMEDIA COMMUNICATIONS INC.

**THE COMMISSION SHOULD ADOPT
RECIPROCAL COMPENSATION RULES
THAT ACCOMMODATE STATE DECISIONS**

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**THE COMMISSION SHOULD NOT ADOPT
MANDATORY DETARIFFING FOR CLEC
ACCESS SERVICES**

Heather Gold, VP, Industry Policy

Jon Canis, Kelley Drye & Warren

June 30, 2000

RECIPROCAL COMPENSATION

RECIPROCAL COMPENSATION

- INTERMEDIA IS ARBITRATING
RECIPROCAL COMPENSATION IN
MULTIPLE STATES
 - GA, NC, FL, LA, TN, AL
 - PRE-ARBITRATION NEGOTIATIONS
WITH BELL ATLANTIC, SBC, U S WEST
 - LIKE OTHER CLECs INTERMEDIA IS
ESTABLISHING SIGNIFICANT
PRECEDENT IN MANY STATES

RECIPROCAL COMPENSATION (cont'd)

- **INTERMEDIA'S ARBITRATIONS
ESTABLISHING RULES FOR MULTI-
YEAR INTERCONNECTION
AGREEMENTS**
 - NC - Final; FL, GA - Recommended
- **COMMISSION SHOULD NOT TAKE
ACTION THAT WILL DISRUPT THESE
DECISIONS**

RELIEF REQUESTED

- ACTION IN CC DOCKET NO. 96-98, 99-68
 - Adopt Commission's Tentative Conclusion
 - ISP-bound dialup traffic is interstate
 - But access charge exemption remains
 - Treated as local traffic for compensation purposes

RELIEF REQUESTED (cont'd)

- **ISSUE ORDER IN DOCKET No. 96-98** (cont'd)
 - States May Set New Compensation, But:
 - Must be monetary -- cannot be bill & keep
 - All traffic with long hang times must be treated the same
 - Help desk, ticket reservation, insurance claims
 - ILEC must demonstrate cost differences justify different rate structure
 - Must allow CLECs to justify different rates or rate structures, at their option

RELIEF REQUESTED (cont'd)

- **ISSUE ORDER IN DOCKET No. 96-98** (cont'd)
 - States May Set New Compensation, But:
 - Unless & until states complete rate case & set new, TELRIC-based rates, FCC must prescribe state-set rate for local traffic as the rate that applies to ISP-bound calls
 - Necessary to provide continuity in case of lengthy state proceedings
 - Needed to avoid harassing litigation that BellSouth has demonstrated

CLEC DETARRIFING

CLEC DETARIFFING

- COMMISSION SHOULD ALLOW PERMISSIVE DETARIFFING, BUT MUST NOT MANDATE IT
 - Highly Deleterious Impact On CLECs
 - Would Not Promote Reasonable Rates For IXC's
 - Would Subject Commission To Reversal On Appeal

CLEC DETARIFFING (cont'd)

- **MANDATORY DETARIFFING WOULD HARM CLECs**
 - CLECs Have No Leverage To Negotiate With Large IXCs
 - Experience with AT&T & Sprint proves it
 - Large IXCs Will Demand Below-Cost Rates
 - Will force CLECs to discriminate by IXC
 - Could Result In Forcing CLECs To Set Rates Below Cost Due To Lack Of Market Power

CLEC DETARIFFING (cont'd)

- **MANDATORY DETARIFFING WOULD NOT PROVIDE REASONABLE RATES TO IXC_s**
 - “Negotiated” Arrangements Would Result In Lower Rates For Largest IXC_s, Higher Rates For Smaller IXC_s And Resellers
 - Subsidy From Small To Large IXC_s
 - No Certainty For IXC_s Under Negotiated Contracts

CLEC DETARIFFING (cont'd)

- **MANDATORY DETARIFFING WOULD NOT PASS JUDICIAL REVIEW**
 - Keeping Tariffs For ILECs Guarantees Cost Recovery For Largest ILECs, While Forcing Small Carriers To “Negotiate” With IXC
 - No Basis For Finding CLECs & NECA ILECs Differently Situated
 - Disparate Analysis Of Market Power & Ability To Negotiate Reasonable Rates Would Be Arbitrary & Capricious

CLEC DETARIFFING (cont'd)

- MANDATORY DETARIFFING WOULD NOT SERVE THE PUBLIC INTEREST
 - Would Force Crisis With AT&T & Sprint, Resulting In Massive 251(a)(1) Complaints
 - Would Eliminate The Controlled Implementation Of Call Blocking Set Out In *MGC v AT&T* Decision
 - Would Result In Routine Service Outages As Carriers Sue Each Other

REQUESTED RELIEF

- **AFFIRM PERMISSIVE DETARIFFING**
- **IF NECESSARY TO ENSURE
REASONABLE RATES, ADOPT
BELLWETHER CARRIER PROPOSAL
ADVANCED BY ALTS**